

10/25/77 [1]

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THE PRESIDENT'S SCHEDULE

Tuesday - October 25, 1977

7:15 Mr. David Aaron - The Oval Office.

7:30 Congressional Leaders Breakfast. Mr. Frank
(60 min.) Moore) - The First Floor Private Dining Room.

9:20 Mr. and Mrs. John P. Clifford and Family.
(5 min.) (Ms. Fran Voorde) - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Meeting with His Royal Highness Prince
(60 min.) Saud al-Faisal bin Abd al-Aziz.
(Mr. David Aaron) - The Oval Office
and the Cabinet Room.

12:15 Lunch with Vice President Walter F.
Mondale - The Oval Office.

1:30 Signing Ceremony for HR-3 -Medicare-Medicaid
(15 min.) Amendments. (Mr. Frank Moore) - Rose Garden

2:00 Vice President Walter F. Mondale.
(20 min.) Admiral Stansfield Turner, and
Mr. David Aaron - The Oval Office.

2:45 Mr. James McIntyre - The Oval Office
(20 min.)

Sand 10/25/77

Sadat/Assad - PLO

Joint Arab vs separate

Geneva in doubt

PLO delegation

Plenary vs groups

Working paper wording

Israel. concessions

Unified Arab deleg.

Palestines in own right

Refugee issue

Arabs can consult

1973 procedures

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~~THE WHITE HOUSE
WASHINGTON~~

Not directly involved
Syrians fear fragmented approach
-- want to go to Geneva

- > No separate deals
- > Palestine & Jerusalem
- > Arab unity need
- Gaza/W Bank / Refugee
Agenda

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THE WHITE HOUSE
WASHINGTON

Suppose we were to
issue a unilateral statement
(perhaps at your next press conference)
soon, stating the 3 substantive
issues which must be
dealt with plus the fact
that the 1973 procedures
should apply.

Would that meet
the Arab needs to ~~pull~~
pull them together so
they could go to Geneva.

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Frank Moore

RE: SENATOR EAGLETON LETTER
ON AMENDMENT TO FLOOD
INSURANCE ACT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
	✓	MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

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*Sta -
expedite
reply
J*

JOHN L. MCCLELLAN, ARK., CHAIRMAN
WARREN G. MAGNUSON, WASH.
JOHN C. STENNIS, MISS.
ROBERT C. BYRD, W. VA.
WILLIAM PROXMIRE, WIS.
DANIEL K. INOUYE, HAWAII
ERNEST F. HOLLINGS, S.C.
BIRCH BAYN, IND.
THOMAS F. EAGLETON, MO.
LAWTON CHILES, FLA.
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WALTER D. HUDDLESTON, KY.
QUENTIN N. BURDICK, N. DAK.
PATRICK J. LEAHY, VT.
JAMES R. SASSER, TENN.
DENNIS DECONCINI, ARIZ.

MILTON R. YOUNG, N. DAK.
CLIFFORD P. CASE, N.J.
EDWARD W. BROOKE, MASS.
MARK O. HATFIELD, OREG.
TED STEVENS, ALASKA
CHARLES MCC. MATHIAS, JR., MD.
RICHARD S. SCHWEIKER, PA.
HENRY BELLMON, OKLA.
LOWELL P. WEICKER, JR., CONN.

JAMES R. CALLOWAY
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

October 17, 1977

The Honorable Jimmy Carter
President of the United States
White House
Washington, D.C.

SE (Sintectoganne)
CONGRESSIONAL
LIAISON

OCT 18 1977

Dear Mr. President:

I was sorry to read that my amendment to the Flood Insurance Act "causes you concern" and I hope that through this letter I can allay some of your doubts.

First, however, I must express my consternation at your suggestion that administrative means be considered to get around the change that Congress has legislated by large majorities in both chambers. It is one thing to compensate administratively when Congress fails to act in a particular instance. But, to attempt to overturn a positive act of Congress by such means, in my opinion, would be an affront to the legislative process and a serious abuse of executive power. I sincerely hope that that course will be rejected. If, instead, you decide that this program needs to be restructured legislatively, I would be pleased to work with you or your staff to come up with a bill that will satisfy all concerned.

Actually, my amendment is only a modest extension of the legislation which was adopted last year with the support of the Department of Housing and Urban Development. That change exempted then-existing flood plain properties from the conventional bank sanction. This year's amendment merely broadens that exemption to all properties in a non-participating community.

There are today about 3,500 communities which for one reason or another have failed to adopt the HUD flood plain management ordinance and thus are being subjected to all of the program's sanctions. Unlike federal agencies, which under the terms of your Executive Order 11988 are at least permitted the leeway of determining whether compliance is practicable or appropriate, these communities are given no option of any kind regardless of how pressing their reason for not participating.

The Honorable Jimmy Carter

October 17, 1977

An example are communities in third and fourth class counties of Missouri which by state law are prohibited from adopting any kind of zoning ordinance. Three times an effort was made in the state legislature to change this law and three times it has failed. Many of the towns in this situation are very desirous of having flood insurance protection, but cannot qualify under existing state law. Is it fair to punish these communities for something that is beyond their control?

A more frequent objection to the flood program is that it takes a great number of towns and individual properties which have only minor flooding problems and, in some cases never had a flood in their history. The program is deliberately designed to take in such marginal situations in the interest of spreading the risk for insurance companies and holding down the federal subsidy of premiums. But is it fair to ask a town like Cassville, Missouri, to forfeit its economic future in order to deal with a minor flood problem? Is it rational to force this particular solution on a community without the slightest regard for the cost-benefit ratio? Does it make sense to proceed on a standard as gross as the 100-year flood without consideration of the depth or velocity of that once-in-a-century occurrence?

Obviously, I am not in a position to enumerate the specific reasons why each of the 3,500 non-participating communities have opted to suffer the penalties rather than adopt the restrictive ordinances that HUD demands. But I would suggest there are many good ones --from the Falmouth, Massachusetts objection that its Woods Hole Oceanographic Institute has been declared to be in a flood plain, to the plight of some Appalachian communities which have no developable land available to them except low-lying hollows which often have minor flood risks.

Modern day hydrologists and HUD bureaucrats may think it was poor judgement, but the fact is this country was settled on the banks of rivers, lakes and coastal plains. There are many things we can do to mitigate the dangers of such developments but it would be a tragic mistake to wave this 200-year history with bureaucratic dicta.

Finally, I want to say a word about the abysmal manner in which this program has been administered.

The Honorable Jimmy Carter

October 17, 1977

Over the years, the General Accounting Office has been critical of the agency's failure to provide accurate and detailed maps, and even the Administrator has acknowledged that the flood plain drawings on which communities are asked to make decisions are "crude approximations" only. Record-keeping has been little better, and the GAO found this spring the agency's books are in such disarray that an audit could not be performed. Relationships with participating insurance companies have reached such a low point that the companies have threatened to withdraw from the program at the end of this year. Then, there's the matter of an Administrator. For more than three years, this program has been headed up by an Acting Administrator. When the Comptroller General formally ruled that the position was subject to Senate confirmation and that no one has the legal right to serve as acting Administrator, the incumbent was simply retitled Deputy Administrator and the program continues without change.

For three years, I have sought constructive change in the Flood Insurance Act which would preserve the positive objectives of the program while allowing some flexibility to deal with the human realities of involved. I believe my amendment to the 1977 HUD act accomplishes that and I hope you will reconsider the actions which you intimated at the signing.

Respectfully yours,



Thomas F. Eagleton

United States Senator

TFE:jlk

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

October 25, 1977

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT

Stu

SUBJECT:

Talking Points on Outer Continental
Shelf Legislation

The Outer Continental Shelf amendments are important because they will provide:

- Better, more systematic environmental controls which will diminish conflicts and lead to development with less adverse impact;
- More revenue to the U. S. Treasury by requiring receipt of fair market value;
- More competition in the industry by requiring use of bidding systems which do not favor the major companies;
- Impact assistance for the states.
- For New York, the legislation is important because states will have an increased role in leasing decisions, impact assistance funds will be available, and increased development will lead to jobs.

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THE WHITE HOUSE
WASHINGTON

October 25, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: LETTER FROM JIM MCINTYRE
TO SEC. BLUMENTHAL ON
LAURENCE WOODWORTH'S
TESTIMON BEFORE THE
SENATE FINANCE COMMITTEE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
/	JORDAN
	LIPSHUTZ
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	LANCE
	SCHULTZE

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	PETTIGREW
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

*Ham
info
J*

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OCT 20 1977

Honorable W. Michael Blumenthal
Secretary
Department of Treasury
Washington, D.C. 20220

Dear Mr. Secretary:

As you know, most of President Carter's new programs rely to some extent upon changes or additions to the country's tax policy. Unfortunately, an incident has just occurred which raises the question of how well the President's legislative program is being supported before Congress. I am writing to ask your cooperation and seek any suggestions you may have to improve the situation.

As I understand it, Laurence Woodworth, Assistant Secretary of Treasury for Tax Policy, testified before the Senate Finance Committee on October 19. In that session, he presented the "Administration's position on waterway user charges." His testimony, however, was completely at variance with several of the President's decisions on this issue; the latest occurring only one day before the hearing.

The President has given priority to achieving the passage of a bill which implements waterway user charges at a substantial level of recovery. Due to the personal intervention of the President and the strong efforts of the White House staff and the Department of Transportation, the Senate, in June, was the first House of Congress to ever pass a user charge bill. That bill provided for 100 and 50 percent recovery of Federal operations and construction costs respectively. In early October the House passed a fuel tax bill which would ultimately provide less than 10 percent recovery of Federal cost with the percentage of recovery decreasing each year.

To clarify the Administration's position on the issue, the President authorized Secretary Adams to send a letter to the Senate threatening a veto of any bill which did not provide for "a substantial level of recovery" of waterway user charges and which termed the House bill as "inadequate". A copy of the letter is enclosed. Every member of the Finance Committee had a copy of that letter when Mr. Woodworth testified.

Since Mr. Woodworth did not inform the Office of Management and Budget that he was going to testify, he was apparently not aware of the letter. In essence, he said that the Administration believed fuel taxes to be the only means of collecting user charges and that the Administration endorsed the House bill (and, implicitly, a low level of recovery). I realize that the hearing was called on short notice and that time would not permit formal OMB clearance. In those cases, however, we believe that it is all the more important for the prospective witness to notify OMB of the hearing and orally confirm the Administration's position.

I cannot believe that Mr. Woodworth was unaware of the President's interest in this issue. On four separate occasions, the President personally affirmed his position (April 29, July 15, September 11, and October 18). In addition, Mr. Woodworth shared a witness table at least once with Secretary Adams earlier this year when the President's position was strongly supported by Secretary Adams.

Unfortunately, Mr. Woodworth's testimony has created a great deal of confusion in the Senate. Supporters of the Administration's position are no longer sure what that position is, the chances for a favorable action on the bill this fall have been weakened, and the Administration has been embarrassed. While we hope that problems like this will not occur in the future, it will take a concerted effort by all members of the Administration to salvage this situation and implement the President's decision. I seek your support and look forward to working with you in this area.

Sincerely,

.(Signed) Jim McIntyre

James T. McIntyre, Jr.
Acting Director

Enclosure



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

October 18, 1977

Honorable Alan Cranston
United States Senate
229 Russell Senate Office Building
Washington, D.C. 20510

Dear Alan:

I reported to you earlier of the President's firm intention to disapprove any bill authorizing construction of a new locks and dam facility at site 26 in Alton, Illinois, if the bill does not contain a provision establishing substantial waterway user charges along the inland waterway system. Recent events require me to clarify the Administration's position on this issue.

As you know, we supported the waterway user charge legislation that the Senate passed. This bill would phase in a substantial user fee over a ten-year period. The House of Representatives has passed waterway user charge legislation which differs markedly from the Senate version. The House would authorize a six cent fuel tax on inland waterway commercial vessels. The House version would recover only a relatively small portion of operation and maintenance costs and new construction costs.

Because of the closed rule on the House bill and in order to insure Congressional action on this issue, on September 28, 1977, I wrote to Members of the House of Representatives indicating that the Administration would support the bill in the House, but that the Administration would work in the Senate for a higher recovery of waterway operation and construction costs. The user charge and level of recovery contained in the House bill is inadequate. In order to bring the necessary degree of equity to Federal government policy concerning the inland waterway system, legislation should be enacted which authorizes substantial waterway user charges.

Because this matter is so important to the development of a comprehensive transportation policy, I think that the Congress should be aware of the President's intention not to sign any bill authorizing a new Locks and Dam 26 which does not provide for waterway user charges that will recover a substantial portion of the operation and maintenance and new construction costs.

Sincerely,

Brock Adams

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Frank Moore
Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson
cc: The Vice President
RE: AIRLINE REGULATORY REFORM

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	✓	MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
✓		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

*Frank -
He wants us to
help him get a
quorum Thursday
J*

Talking Points:

-- This bill is an important priority in my Administration. I have promised the American people that I will improve our government and reform outmoded, excessive government regulation.

CAB regulation was adopted 40 years ago to help an infant industry. But today it stifles innovation and prevents carriers from meeting consumer needs. This bill would allow carriers to experiment with fares and meet consumer needs without regulatory delay and inaction.

Even the CAB unanimously supports this legislation. They believe it is necessary to enact the reforms they would like to adopt.

-- You are responsible for all the major consumer legislation that Congress has passed in recent years. This legislation is strongly supported by consumer groups who have benefited from your leadership in the past.

-- Congress has been studying this issue for many years, beginning with Senator Kennedy's hearings in 1975. The Commerce Committee has been studying this issue since early 1976, and Senator Cannon first introduced a bill over 1 year ago (September 1976).

During the 5 months the Committee has marked up the bill, extensive changes have been made to improve it, and it has steadily gained support. Most members who were new to the issue were skeptical or opposed the bill at first -- but because of the work by you, Senator Cannon, and Secretary Adams, we believe that more than a majority now support the bill.

-- We hope it can be reported soon so that there will be time to file a Committee report this year, and the Senate can vote on it early next year. Three bills have been introduced in the House, and they have just finished another set of hearings.

THE WHITE HOUSE

WASHINGTON

October 24, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK MOORE *Fm.*
STU EIZENSTAT *Stu*

SUBJECT: Airline Regulatory Reform

The Commerce Committee has completed its consideration of all major amendments to the airline regulatory reform bill. The votes indicate that there is enough support to report the bill by a wide margin.

However, for the last three markups, Chairman Magnuson has been filibustering, even though a quorum has been present and ready to report the bill. Members who are against the bill have taken advantage of his delay to offer various minor changes and to raise issues that have already been resolved.

Magnuson has been Congress' champion of consumer legislation. Such legislation usually involves government regulation, and he is not comfortable with the new trend of less government regulation--this is true even though consumers support this legislation. In addition, he has always been closely allied with the airline industry.

We are concerned that if Magnuson continues to refuse to have a vote that members will stop attending markups and we will be unable to get a quorum. We have come from almost no support for the bill when the markup began in early June to a very strong position. If the delay continues, the momentum which we have been carefully constructing may be lost.

Secretary Adams has contacted Senator Magnuson repeatedly. You called him last August urging him to take action quickly, and he told you it would be reported at the first or second markup after the recess. We recommend that you call him again to break the deadlock. Mark-up is set for 10:00 a.m. Tuesday, October 25.

Yes

Cannon
probably Magnuson
Hollings
Stevenson
Ford
Durkin
Riegle
Pearson
Griffin
Stevens
Packwood
Danforth

Z

No

Inouye
Long
Melcher
Goldwater

Don't Know

Zorinsky
Schmitt

THE PRESIDENT HAS SEEN



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 25, 1977

2

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre

SUBJECT: OMB Weekly Summary - Budget

1. Budget Overview. On Friday, October 28, we will present our overview of the FY 1979 budget. It will consist of a joint discussion by CEA and OMB of the economic and budget picture both for FY 1979 and for the period FY 1979 - FY 1981. We believe that the tightness of the budget picture and the uncertainties of the economic prospects raise very difficult decisions for you, and consider this meeting extremely important. You will receive an overview book Wednesday night or Thursday morning.
2. Foreign Commitments. You received my memo over the weekend regarding Secretary Blumenthal's request on Friday that he be cleared to commit on Monday for a \$40 million contribution to a U.S.-Israel Agriculture Research Foundation. We believe that last minute requests such as this considerably limits your flexibility, and feel it would be helpful if you raised this general issue at the next Cabinet meeting.
3. ZBB. We have received some excellent zero-based budgets, but you might at some point want to mention to Doug Costle how outstanding EPA's submission was.

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THE WHITE HOUSE
WASHINGTON

October 25, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Jim Free

RE: GEORGE MAHON

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

cc Jim Free

ACTION	FYI	
		MONDALE
		COSTANZA
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	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

*He's a
great man
J*

October 25, 1977

TO: THE PRESIDENT

FROM: JIM FREE *J.F.*

Frank Moore wanted me to let you know that on Monday, Chairman George Mahon told me that in his 38 years in Congress, going with you to Arlington Cemetery was one of the highlights of his career.

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THE WHITE HOUSE
WASHINGTON

October 25, 1977

Secretary Marshall

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: RESPONSIBILITY FOR INFLATION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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THE WHITE HOUSE
WASHINGTON
October 25, 1977

Charles Schultze

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Sec. Marshall has also been provided with a copy of the attached for appropriate handling.

Rick Hutcheson

cc: Jim McIntyre

RE: RESPONSIBILITY FOR INFLATION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
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cc Marshall of his memo only

ACTION	FYI	
		MONDALE
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✓		LANCE <i>jm</i>
✓		SCHULTZE

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	SCHNEIDERS
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	WARREN

THE PRESIDENT HAS SEEN.
U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

OCT 17 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR
RAY MARSHALL *Ray*

SUBJECT: RESPONSIBILITY FOR INFLATION

*cc memo to Ray - you
Serious subject - you
& Schultz go over
problem together. He
has some ideas from
me -
J.C.*

As the Administration approaches its review of the most recent economic forecast and the adequacy of current fiscal and monetary policy, I think we should also think about restructuring the way we deal with inflation. We do not have a process or structure to insure that the many separate government decisions, affecting prices, are made systematically.

The budget process and the Office of Management and Budget insure that spending decisions are made in a way consistent with Presidential policy preferences and their impact on the economy. I propose that we try to establish a somewhat similar process using the Council on Wage and Price Stability at the principals' level to review the price impact of government actions.

My concern with inflation stems from the fact that not only does inflation place unfair burdens upon the poor and disrupt economic activities, but in the past, it has called forth measures that undermine other economic goals. Even though high unemployment does not automatically lower the inflation rate, accelerated inflation could lead to more restrictive fiscal and monetary policies that will prevent the achievement of full employment. At a minimum, such policies could trade-off one percent of real growth for every extra one percent of inflation. This would mean that every extra one percent of inflation would cost the Gross National Product \$20 billion. If policymakers tried to offset inflation, the cost could be as much as \$60 billion for each additional percentage point of inflation.

Secondly, if restrictive policies created more unemployment without reducing inflation, there would certainly be strong pressures for some form of wage and price controls. There is, however, no evidence anywhere that wage and price

controls, or "incomes" policies can succeed. These policies are also negative approaches to inflation--they restrict prices and output hoping that the restrictions on output will be less than the restrictions on prices. It would be better to take a positive approach.

Part of the problem in combating inflation is that nobody except the President has specific responsibility for it. In the private sector, continued increases in the costs of materials and in living expenses provide a base for still further increases in prices and wages. In government, each department pursues a certain mission and works to improve the country's welfare by fulfilling that mission. The result is that individual policies which we all support are adopted without adequate consideration of the inflationary consequences of these policies taken together.

I think the Federal Government can be better organized to make those decisions that affect the general price level. I am not sure that better organization would or should result in a reversal of some of the decisions we have made, but it would insure that we try much harder to find policies to offset the inflation that is a by-product of some of the Administration's initiatives.

I propose that you assign the relevant agencies the job of making forecasts of inflation in their area of responsibility. These forecasts could then be brought together simultaneously and evaluated in terms of our overall economic forecast. These procedures would provide a means of examining individual actions in the context of the overall inflation goal. Most importantly, it would focus attention on finding compensating ways to reduce the inflation rate. It would make each Federal agency more responsible, and more aware of the opportunities to moderate the rate of inflation.

Just as many of our unemployment problems are structural in nature and require selective labor market policies, efforts to combat inflation must also be selective and designed to improve the competitive structure of specific sectors. If government can organize itself systematically to review inflation causing policies and structural deficiencies in key markets then I believe we can enhance our prospects for moderating inflation without jeopardizing full employment.

I believe there also is much we could do within our areas of program and regulatory responsibilities to moderate inflationary pressures. In general, whatever we can do to improve productivity and efficiency in the private sector as well as within our own programs will moderate inflationary pressures. The most promising area to accomplish this objective is at the industry level and on a tripartite (employer, labor, government) basis.

These tripartite committees are important because many problems transcend the decision-making powers of individual unions or employers and require cooperative arrangements with government. These arrangements not only have the advantage of aligning the problems with decision makers who are more likely to be able to solve those problems but also change the government regulatory process from an adversary to a cooperative one. I believe the cooperative assumption could fundamentally change the nature of the regulatory process.

Some examples will illustrate my point. The Department of Labor has worked with unions and employers in the construction industry in Chicago, Kansas City, and San Francisco to work on common problems. One such problem is seasonal employment. Reducing seasonality would reduce pressures on wages because workers (who tend to target income) would increase earnings by working more hours rather than raising wage rates. Reducing seasonality would reduce drains on unemployment insurance funds and reduce the overall level of unemployment. We also believe there are other things that we can do jointly with the construction industry to improve productivity and moderate inflationary pressures--these include training, better economic and labor market information, and improvements in the structure of collective bargaining.

We also are in the process of establishing such committees in the coal and transportation industries. I expect some such continuing tripartite cooperative mechanism to emerge from your coal conference early next year. There are many obvious things we could do on a cooperative basis to improve productivity and output in the coal industry.


While some macro economists minimize the effectiveness of these efforts, I think they could do much to reduce the structural causes of inflation. They would certainly have a beneficial psychological and political impact as tangible efforts by the Administration to deal with inflation.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

INFORMATION

24 October 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON 
SUBJECT: Summary of Staff Comments on Marshall Memo

Eizenstat has discussed the memo with Secretary Marshall, but finds it "somewhat vague" and difficult to implement. Stu thinks that Schultze's 'inflation impact statement' should have a chance to work before other actions are taken, and recommends that you merely ask Schultze and Marshall to explore the proposal.

Schultze comments:

- o It would not be effective to give agencies primary responsibility for assessing the inflationary consequences of individual actions they propose -- agencies are not disinterested in the proposals they would be analyzing. Jim McIntyre makes the same point.
- o Marshall suggests using the Cabinet-level COWPS to review program decisions for their inflationary impact. This would create a body similar to the EPG Executive Committee -- which was not helpful to you.
- o It would not be productive to set up a labor-management-government committee for each industry, dealing with productivity problems and inflationary pressures. A selective use of such committees could be useful.

Schultze recommends that you commend Marshall for his concern about inflation, and suggest that Marshall discuss with the various economic agencies a list of problem industries in which the establishment of tripartite committees would prove useful. (Jim McIntyre observes that after the construction industry, there are likely to be few industries where the Labor Department will be acceptable as a neutral third party.")

THE WHITE HOUSE

WASHINGTON

Date: October 18, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *prob no attached*
Jack Watson *no by phone*
Jim McIntyre *attached*
Charles Schultze *attached*

FOR INFORMATION:

The Vice President
Hamilton Jordan
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Responsibility for Inflation - Marshall memo dated 10/17.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: October 20, 1977

DATE: Thursday

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

DRAFT

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

17 OCT 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR
RAY MARSHALL *RM*

SUBJECT: RESPONSIBILITY FOR INFLATION

As the Administration approaches its review of the most recent economic forecast and the adequacy of current fiscal and monetary policy, I think we should also think about restructuring the way we deal with inflation. We do not have a process or structure to insure that the many separate government decisions, affecting prices, are made systematically.

The budget process and the Office of Management and Budget insure that spending decisions are made in a way consistent with Presidential policy preferences and their impact on the economy. I propose that we try to establish a somewhat similar process using the Council on Wage and Price Stability at the principals' level to review the price impact of government actions.

My concern with inflation stems from the fact that not only does inflation place unfair burdens upon the poor and disrupt economic activities, but in the past, it has called forth measures that undermine other economic goals. Even though high unemployment does not automatically lower the inflation rate, accelerated inflation could lead to more restrictive fiscal and monetary policies that will prevent the achievement of full employment. At a minimum, such policies could trade-off one percent of real growth for every extra one percent of inflation. This would mean that every extra one percent of inflation would cost the Gross National Product \$20 billion. If policymakers tried to offset inflation, the cost could be as much as \$60 billion for each additional percentage point of inflation.

Secondly, if restrictive policies created more unemployment without reducing inflation, there would certainly be strong pressures for some form of wage and price controls. There is, however, no evidence anywhere that wage and price

controls, or "incomes" policies can succeed. These policies are also negative approaches to inflation--they restrict prices and output hoping that the restrictions on output will be less than the restrictions on prices. It would be better to take a positive approach.

Part of the problem in combating inflation is that nobody except the President has specific responsibility for it. In the private sector, continued increases in the costs of materials and in living expenses provide a base for still further increases in prices and wages. In government, each department pursues a certain mission and works to improve the country's welfare by fulfilling that mission. The result is that individual policies which we all support are adopted without adequate consideration of the inflationary consequences of these policies taken together.

I think the Federal Government can be better organized to make those decisions that affect the general price level. I am not sure that better organization would or should result in a reversal of some of the decisions we have made, but it would insure that we try much harder to find policies to offset the inflation that is a by-product of some of the Administration's initiatives.

I propose that you assign the relevant agencies the job of making forecasts of inflation in their area of responsibility. These forecasts could then be brought together simultaneously and evaluated in terms of our overall economic forecast. These procedures would provide a means of examining individual actions in the context of the overall inflation goal. Most importantly, it would focus attention on finding compensating ways to reduce the inflation rate. It would make each Federal agency more responsible, and more aware of the opportunities to moderate the rate of inflation.

Just as many of our unemployment problems are structural in nature and require selective labor market policies, efforts to combat inflation must also be selective and designed to improve the competitive structure of specific sectors. If government can organize itself systematically to review inflation causing policies and structural deficiencies in key markets then I believe we can enhance our prospects for moderating inflation without jeopardizing full employment.

I believe there also is much we could do within our areas of program and regulatory responsibilities to moderate inflationary pressures. In general, whatever we can do to improve productivity and efficiency in the private sector as well as within our own programs will moderate inflationary pressures. The most promising area to accomplish this objective is at the industry level and on a tripartite (employer, labor, government) basis.

These tripartite committees are important because many problems transcend the decision-making powers of individual unions or employers and require cooperative arrangements with government. These arrangements not only have the advantage of aligning the problems with decision makers who are more likely to be able to solve those problems but also change the government regulatory process from an adversary to a cooperative one. I believe the cooperative assumption could fundamentally change the nature of the regulatory process.

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We also are in the process of establishing such committees in the coal and transportation industries. I expect some such continuing tripartite cooperative mechanism to emerge from your coal conference early next year. There are many obvious things we could do on a cooperative basis to improve productivity and output in the coal industry.

While some macro economists minimize the effectiveness of these efforts, I think they could do much to reduce the structural causes of inflation. They would certainly have a beneficial psychological and political impact as tangible efforts by the Administration to deal with inflation.

Date: October 18, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Jack Watson
Jim McIntyre
Charles Schultze

FOR INFORMATION:

The Vice President
Hamilton Jordan
Jody Powell

570

XC Corp
Ginsburg

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Responsibility for Inflation - Marshall memo dated 10/17.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: October 20, 1977

DATE: Thursday

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 17 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR
RAY MARSHALL *RM*

SUBJECT: RESPONSIBILITY FOR INFLATION

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new actions

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macro
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are -
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Gyp. beds*

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I believe there also is much we could do within our areas of program and regulatory responsibilities to moderate inflationary pressures. In general, whatever we can do to improve productivity and efficiency in the private sector as well as within our own programs will moderate inflationary pressures. The most promising area to accomplish this objective is at the industry level and on a tripartite (employer, labor, government) basis.

These tripartite committees are important because many problems transcend the decision-making powers of individual unions or employers and require cooperative arrangements with government. These arrangements not only have the advantage of aligning the problems with decision makers who are more likely to be able to solve those problems but also change the government regulatory process from an adversary to a cooperative one. I believe the cooperative assumption could fundamentally change the nature of the regulatory process.

Some examples will illustrate my point. The Department of Labor has worked with unions and employers in the construction industry in Chicago, Kansas City, and San Francisco to work on common problems. One such problem is seasonal employment. Reducing seasonality would reduce pressures on wages because workers (who tend to target income) would increase earnings by working more hours rather than raising wage rates. Reducing seasonality would reduce drains on unemployment insurance funds and reduce the overall level of unemployment. We also believe there are other things that we can do jointly with the construction industry to improve productivity and moderate inflationary pressures--these include training, better economic and labor market information, and improvements in the structure of collective bargaining.

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While some macro economists minimize the effectiveness of these efforts, I think they could do much to reduce the structural causes of inflation. They would certainly have a beneficial psychological and political impact as tangible efforts by the Administration to deal with inflation.

THE WHITE HOUSE

WASHINGTON

October 21, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT: Ray Marshall's Memo re: Responsibility
for Inflation

On October 17 Secretary Marshall presented this memorandum to me and discussed its contents at a meeting with me.

It is somewhat vague and may be difficult to implement.

Charlie Schultze has finally gotten his new inflation impact statement off the ground and it should probably have some opportunity to work before we go further.

In any event, I think Charlie and Secretary Marshall should get together to explore Ray's proposal. I will be glad to facilitate this.

I do not recommend any decision on your part except that you direct Ray and Charlie to sit down and explore the proposal.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *James T. McIntyre*

SUBJECT: Comments on Secretary Marshall's October 17
Memorandum "Responsibility for Inflation"

Secretary Marshall's memorandum suggests that something ought to be done to force agencies to give greater consideration to the inflationary effects of their actions. It is difficult to disagree with the thrust of this proposal, although its actual effect is unlikely to be significant.

There are two specific proposals in the memorandum.

The first is to assign to program agencies the job of making forecasts of inflation in their area of responsibility. While it is reasonable to expect agencies to assess the inflationary impacts of their proposals, it would not be appropriate to give them the assignment exclusively. Most program advocates would quite naturally tend to underestimate the inflationary or other undesirable effects of their actions. The principal assignment for inflation forecasting should go to the agencies most directly responsible for assessing the overall performance of the economy, specifically the Council of Economic Advisers and the Council on Wage and Price Stability.

The second operative suggestion is an expansion of the Department's efforts to set up tripartite committees which attempt to reduce inflationary effects through cooperative actions of labor, management, and government. While this approach may be worth trying, after construction there are likely to be few additional industries where the Department of Labor will be acceptable as a neutral third party.

Finally, you approved a Regulatory Analysis Program two weeks ago which was not mentioned in Secretary Marshall's memo but which will require his Department's full cooperation and support.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 21, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: Marshall Memo on Inflation

I have several concerns about the suggestions made by Secretary Marshall in his memo.

Secretary Marshall proposes first, that individual agencies be assigned responsibility for forecasting the inflationary consequences of their decisions.

I am not sure what it means "to assign the relevant agencies the job of making forecasts in their area of responsibility." If it means that agencies should have primary responsibility for assessing the inflationary consequences of individual actions they propose, the proposal will not be effective. Past experience with the Ford "Inflation Impact Analysis" program suggests that requirements on the agencies to perform an inflation analysis of their actions will not, by itself, succeed at raising the price-consciousness of agencies.

Since agencies are not disinterested in the proposals they would be analyzing, there is considerable risk that the inflation estimates would not be objective. Even with good intent, the desire to put the best possible face on a proposed program could lead to estimates that will bias inflation consequences downward.

On the other hand, you have recently approved the establishment of a review mechanism to try to improve and sharpen the economic analysis of regulatory actions. In the context of this review, Secretary Marshall's emphasis on a careful scrutiny of inflationary consequences of agency actions is highly welcome.

If Secretary Marshall's suggestion means that forecasts of overall inflation be pieced together from sectoral forecasts by individual agencies, the suggestion has technical problems. The CEA and the CWPS staff now undertake such overall inflation forecasts. They use material and analyses from various agencies (Agriculture on food prices, Labor on wages, etc.). But the various pieces of the inflation problem interact with each other and have to be evaluated in terms of overall economic models and judgmental analysis which take such interactions into account.

Secondly, Secretary Marshall suggests utilizing the Cabinet-level Council on Wage and Price Stability to review program decisions for their inflationary impact. This would reestablish a large Cabinet-level body similar to the EPG Executive Committee to review policy decisions. In your reorganization decisions, you explicitly indicated -- correctly, I believe -- that such a body was not helpful to you.

Expanded use of tripartite labor-management-government committees to deal with productivity problems and other sources of inflationary pressures in particular industries -- the Secretary's third proposal -- is difficult to evaluate. These groups have, on occasion and under particular conditions, been quite useful in combatting specific inflationary problems. A selective use of such committees could be useful. But setting up a large group of such committees, one for each industry, would not be productive.

I recommend that you respond to the Secretary's memo in the following way:

1. You commend his concern for the problem of inflation. You agree that agencies should take more cognizance of the inflationary consequences of their individual actions. In particular, they should cooperate closely with the new Regulatory Analysis Program that you have just established, which is directed towards examining such issues.,
2. You suggest he develop a specific list of problem industries in which the establishment of tripartite committees would prove useful, and discuss it with the other economic agencies (OMB, CEA, Treasury and Commerce) preparatory to making specific recommendations to you.

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Richard Pettigrew

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Jim McIntyre

RE: REORGANIZATION PROGRESS
REPORT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

top page only

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
/		LANCE <i>jm</i>
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
/	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 21, 1977

Good
J

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD PETTIGREW

Rick

SUBJECT:

Reorganization Progress Report

Here is the initial issue of our monthly progress report. It will be going out to the agencies, Congress, and the press (including 800 out-of-town editorial writers).

Attachment

Electrostatic Copy Made
for Preservation Purposes

Reorganization Progress Report

October 19, 1977

Highlights

EOP PLAN GAINS APPROVAL--By a vote of 350 to 20, the House acted Friday, October 14 to accept Reorganization Plan No. 1, dealing with the Executive Office of the President. The Senate allowed the plan to go into effect today without a formal vote. (p. 2)

USIA-CULTURAL AFFAIRS PLAN TRANSMITTED--President Carter has sent to the Congress a reorganization plan consolidating into one new agency, to be known as the Agency for International Communication, the functions now exercised by the State Department's Bureau of Educational and Cultural Affairs and the United States Information Agency. (p. 3)

EQUAL EMPLOYMENT STUDY NEARS COMPLETION--The Civil Rights task force of the President's Reorganization Project has completed draft recommendations for reorganization of the government's equal employment enforcement programs. (p. 4)

CONGRESS IDENTIFIES PROBLEM AREAS--More than 200 Senators and congressmen have now participated in a White House survey of constituent problems with the Federal Government. The survey asked members of both houses to review their constituent casework and identify areas of government inefficiency, confusion, excessive paperwork and general program failure. (p. 10)

FEDERAL EMPLOYEES ATTEND MEETINGS--Thousands of federal employees have now participated in meetings held in Washington and throughout the country by the Federal Personnel Management Project. (p. 8)

FEDERAL PAPERWORK COMMISSION REPORT--The Commission presented its final report to the President September 28. (p. 9)

Inside—

STATUS OF PROJECTS:

- Presidential Proposals.2
- Projects Underway.....3

RELATED DEVELOPMENTS:

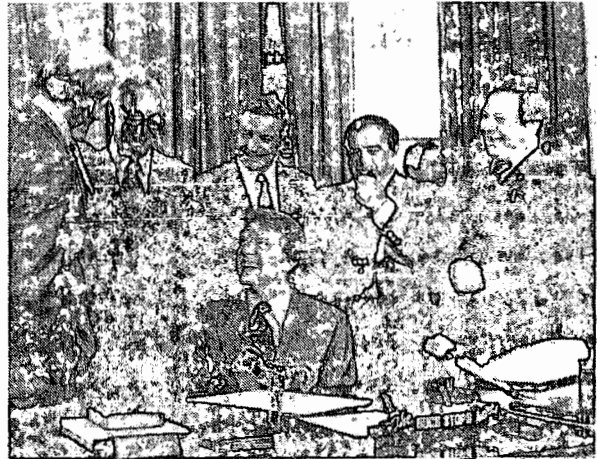
- Federal Employees..... 8
- Federal Paperwork
Commission..... 9
- Congressional Survey..10



President's Reorganization Project

REORGANIZATION PROJECT--

Recommendations for executive branch reorganization, including management and regulatory policy reform, are being developed by special study teams of the President's Reorganization Project. Located in the Office of Management and Budget, these teams work in coordination with affected departments and agencies, completing their studies as part of a four-year, incremental process. The Reorganization Project complements the efforts of the departments and agencies who are carrying out their own internal reorganization programs.



President Carter signs the Reorganization Act.

Presidential reorganization proposals will take the form of informal directives, Executive Orders, legislative proposals and specially-authorized reorganization plans. These plans go into effect unless disapproved by either house of Congress within 60 days. They are authorized by legislation signed by President Carter on April 6.

EXECUTIVE OFFICE OF THE PRESIDENT--On July 15, President Carter submitted to the Congress Reorganization Plan No. 1, dealing with the Executive Office of the President. The main thrust of the plan is to organize the Executive Office to best serve the President. Toward this end, the President reduced the size of the White House and EOP staff and reduced the overall number of Executive Office units. Coupled with a new Policy Management System, to be created by Executive Order, these reductions are designed to ensure that the full resources of the Federal Government are brought to bear on Presidential decisions.

Under the procedures established for reorganization plans, the House acted on October 14 to reject a resolution disapproving Reorganization Plan No. 1. The vote was 350 to 20, with one member voting "present." The House Government Operations Committee had approved the plan on September 29.

The Senate allowed the EOP reorganization plan to go into effect today without a formal vote.

Contact: Frank Wilson (395-5860)

ADVISORY COMMITTEE REDUCTION--Advisory committees include those committees, boards, commissions, councils and other panels which provide the Federal Government with advice and recommendations in particular subject areas. On February 25, President Carter ordered a government-wide, zero-base review of advisory committees aimed at eliminating those which are no longer necessary. 1,189 committees were reviewed in all.

On August 24, the White House announced an overall reduction of 480, or 40%, in the number of advisory committees. Of this reduction, 261 resulted from termination, 219 from consolidation. Of those committees approved by the President for outright elimination, 5 had been created by Executive Order. These were terminated immediately. 235 were created by agency authority. Of these, 183 have now been terminated. 21 committees were created by statute. A measure terminating these was introduced in Congress on September 13.

-- Howard Messner (395-4960)

USIA-CULTURAL AFFAIRS--President Carter transmitted to the Congress on October 11 a reorganization plan which consolidates into one new agency the functions now exercised by the State Department's Bureau of Education and Cultural Affairs and the United States Information Agency. The new agency will be known as the Agency for International Communication. Its director will be the principal advisor to the President, the Secretary of State and the National Security Council on international information and cultural exchange activities.

The reorganization plan, the second to be transmitted by President Carter, consolidates the Federal Government's public diplomacy programs--cultural, educational and informational--into one agency. It reduces duplication by combining in Washington functions which have been combined successfully in U.S. overseas posts for over twenty years.

In submitting the plan, President Carter said that principles guiding its development included: maintaining the integrity of the educational and cultural exchange programs and keeping the Voice of America's news gathering and reporting functions independent and objective. In transmitting the plan to the Congress, the President affirmed his commitment to the independence of the VOA, which is to be administered by the proposed new agency. "VOA will be solely responsible for the content of news broadcasts," he said.

-- Eric Hirschhorn (395-3727)

Projects Underway

ADMINISTRATIVE SUPPORT SERVICES--to improve management of administrative services within the federal government, including the

General Services Administration. Joe Malaga, Director of Administration and Management Operations, NASA, Kennedy Space Center, has been selected as study director.

-- Joe Malaga (566-0777)

AUTOMATED DATA PROCESSING--to improve use of automated data processing in the delivery of government services. The study work plan has been approved and the teams expect to begin agency reviews shortly. Harrison Wellford and Wayne Granquist have met with Reps. Charles Rose (D-NC) and John Moss (D-Cal.) to discuss the study method and objectives.

Completion date: September 1978 -- Walter Haase (395-4745)

BORDER LAW ENFORCEMENT--to determine organizational implications of the border law enforcement review conducted by the Office of Drug Abuse Policy and the OMB. The ODAP report is being reviewed for appropriate action by the Reorganization Project.

November 1977 -- Tread Davis (395-4962)

CIVIL RIGHTS--to strengthen enforcement of civil rights legislation and reduce the burden of formal compliance activity. The study team has developed draft recommendations for the equal employment enforcement programs.

October 1977 -- Howard Glickstein (395-3937)

CLASSIFICATION OF NATIONAL SECURITY DOCUMENTS--to participate in a review of the national security classification system being conducted by the Domestic Policy staff and the National Security Council. A draft Executive Order is being circulated for comments to agencies, relevant congressional committees and interested public.

-- Eric Hirschhorn (395-3727)

COMMUNITY AND LOCAL DEVELOPMENT--to review the organization and structure of the major federal programs for local and community development. Meg Armstrong, former federal-state coordinator for the state of Colorado, has been selected as the study director. The Project held a conference of national community development experts September 15-16. Questionnaires are being distributed to all affected agencies. The study team has begun a series of field trips to cities and communities throughout the nation (Richmond, Buffalo and Jamestown, N.Y. have been visited to date). These will assess the current administration of federal development programs.

February 1978 -- Lester Salamon (395-5017)

DISASTER PREPAREDNESS--to review the federal civil disaster programs for the purpose of clarifying federal and state roles and identifying organizational problems. Greg Schneiders has been named study director. The study work plan is being prepared.

-- Greg Schneiders (456-2943)

DEPARTMENT OF DEFENSE STUDIES--to review Defense management structure, the national military command structure, and Defense resource management. President Carter has asked the Reorganization Project and the Defense Department to jointly coordinate their studies, to be conducted by the DOD in cooperation with OMB. The project has selected 26 specific items to be addressed by reorganization study.

-- Bill Jones (395-3727)

ECONOMIC ANALYSIS AND POLICY MACHINERY--to review the Federal economic policymaking system outside of the Executive Office of the President. The objective of the study is to make more effective use of the government's economic analysis resources, eliminate both gaps and overlaps in economic analysis machinery, and more effectively link the nation's economic and foreign policies. Preliminary discussions have begun with the Council on Wage and Price Stability, the Joint Economic Committee, the House Budget Committee and relevant departments and agencies.

June 1978

-- Lester Salamon (395-5017)

EDUCATION--to review federal education programs for organizational and service delivery improvements. The interim study recommendations are to be submitted to the President this month. These are being developed in close coordination with the Vice President and Secretary Califano.

January 1978

-- Patricia Gwaltney (395-5014)

EMPLOYEE RETIREMENT INCOME SECURITY ACT--to achieve a more effective structure for administration of this Act. The Project is working closely with the Departments of Labor and Treasury and nearing completion of an option paper on the division of responsibilities between these two departments in administering pension regulations.

-- Patricia Gwaltney (395-5014)

FEDERAL FIELD STRUCTURE--to review field coordination of interagency and intergovernment operations. The Project is developing a field review plan in coordination with the White House staff.

-- Vince Puritano (395-3774)

FOOD AND NUTRITION POLICY--to review Federal food policymaking structure for organizational changes to improve its ability to formulate and implement policies. The study work plan has been approved. The Project is participating in the White House Group on World Hunger.

-- Lester Salamon (395-5017)

HUMAN SERVICES--to improve the federal organization and delivery of human services to needy families and individuals. The study team has sent requests for data to all relevant agencies. A series of

field trips is underway to observe human service systems at the point of delivery (Baltimore, Hartford and Appalachia have now been visited). 130 national organizations have met with the study team.

May 1978

-- Patricia Gwaltney (395-5014)

IMPROVEMENT OF THE JUSTICE SYSTEM--to review existing and possible justice system activities for managerial, structural or other improvements. The Attorney General has agreed to jointly conduct this study. The team has sent letters to federal judges, law school deans, public interest groups and others announcing the study and requesting their suggestions and ideas.

April 1978

-- Tread Davis (395-4962)

INTERGOVERNMENTAL MANAGEMENT CIRCULARS--to improve service delivery and procedures discussed in OMB Circulars A-85 (Regulation Clearing); A-95 (Clearing Houses); and A-111 (Joint Funding).

A-85: A draft circular has been released for comment to agencies, public interest groups and OMB for their review and comment. A-95: The Division has completed a draft report on short-term actions to strengthen the circular based on a nationwide survey of groups and officials dealing with the clearing houses. The report is being distributed to White House/OMB staff, federal agencies and state/local officials for review and comment within 30 days. A-111: Division has completed a preliminary draft report which is being similarly circulated.

-- Vince Puritano (395-3774)

LAW ENFORCEMENT--to review all federal law enforcement missions, tasks, and priorities. The study team has received a 70% response to its request for information from agencies holding enforcement functions. An analysis of that information is now underway.

April 1978.

-- Tread Davis (395-4962)

LEGAL REPRESENTATION--to review governmental units with litigation and legal counseling responsibilities for improvements in resource allocation and reduction of confusion. Study work plan approved. Study team has initiated discussions with the American Bar Association and other interested parties. Team members have now been recruited from the Justice and Labor Departments, the Environmental Protection Agency and other federal units.

May 1978

-- Tread Davis (395-4962)

NATURAL RESOURCES AND ENVIRONMENT--to review the organization of federal natural resources and environmental programs. William Harsch has been named Division and study director. The final study work plan has been approved and requests for program descriptive data have been distributed.

February 1978

-- Bill Harsch (395-5105)

OSHA-WORKPLACE SAFETY & HEALTH--to review jointly with the Labor Department federal efforts to improve workplace safety. A preliminary work plan has been developed.

-- Stan Morris (395-6176)

PAPERWORK REDUCTION--to reduce federal government reporting burdens. The project is reviewing the Paperwork Commission's recommendations and is preparing a plan for implementing them.

-- Stan Morris (395-6176)

FEDERAL PERSONNEL MANAGEMENT--to reform the federal personnel management system. The study team has developed 6 option papers which have been circulated to over 700 groups for comment. Meetings with groups of federal employees have been held in the 10 regional cities and Washington. The first recommendation, regarding a Federal Executive Management Service, will be submitted to the President within a month.

-- Howard Messner (395-4960)

FEDERAL PLANNING REQUIREMENTS REVIEW--to review federal requirements for state and local planning, to promote coordination and to minimize the burden on state and local governments. The Division has identified major issues and prepared preliminary working papers and recommendations. These will be distributed to OMB staff, federal agencies and state/local officials for comment and review by November 4.

-- Vince Puritano (395-3774)

SMALL AGENCY REDUCTION--to review 77 small agencies for possible elimination or combination with other units. The study team has completed its preliminary reviews of several agencies including the Renegotiation Board and the Committee on Fire Prevention. January 1978

-- Tread Davis (395-4962)

STATISTICAL ORGANIZATION--to eliminate unnecessary collection of statistical data and reduce the number of collection points. Wayne Granquist held a meeting of federal and non-federal statistical experts, discussing organizational problems in late July. Project is developing an issue paper in response to that meeting.

-- Wayne Granquist (395-3423)

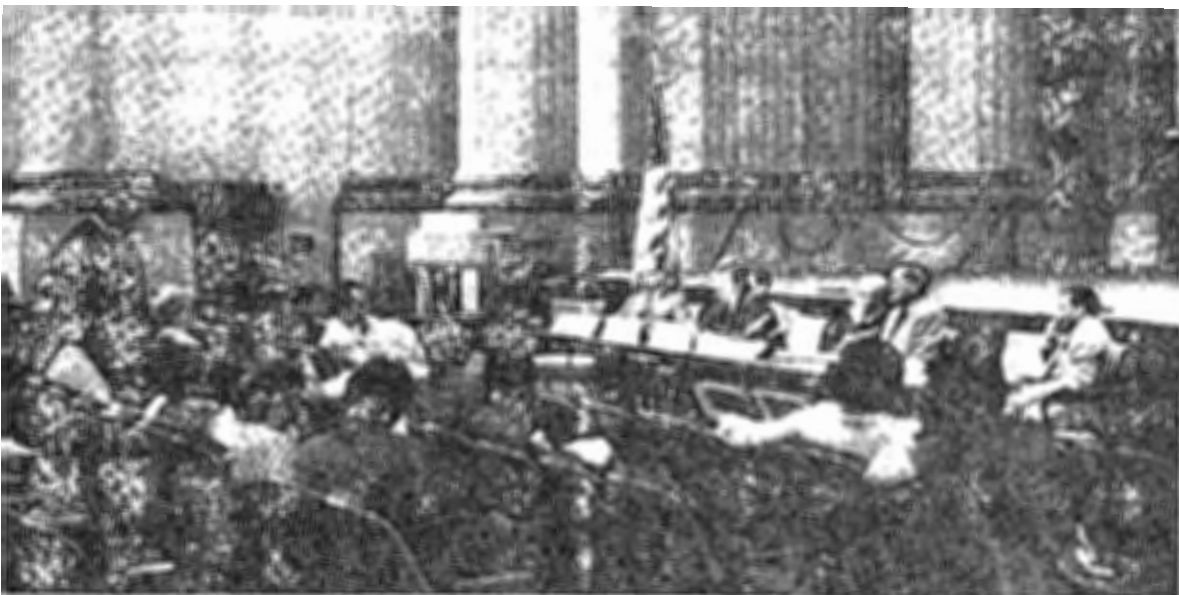
Federal Employee Meetings

The Federal Personnel Management Project is a cooperative effort of the U.S. Civil Service Commission and the President's Reorganization Project. A central purpose of the Project is to build confidence in the federal service by improving its capability to respond to the needs of the citizens. Its goal is to develop a workforce characterized by high productivity, professional competence, political neutrality and high motivation toward serving the public.

Federal employees themselves are playing an important role in the Personnel Management Project. In recent months, the Project staff has conducted site visits to the ten Civil Service Commission regional offices. On each of these visits, it has met with groups of federal employees--including union representatives--to discuss current civil service practices. These discussions have served as a major resource for the personnel management reform options which the project has now developed.

During September, the Project held a series of public meetings in the Washington, D.C. metropolitan area. Federal employees in Virginia, Maryland, and the District--as well as state/local officials and various public interest groups--used these forums to voice both support and dissatisfaction with existing federal personnel practices. Many of their comments and suggestions, together with those expressed in earlier field hearings, have been incorporated in the options papers now being circulated.

-- Howard Messner (395-4960)



Federal employees participate in September 15 Washington hearing of the Federal Personnel Management Project.



Vice President Mondale accepts the Paperwork Commission report from Rep. Frank Horton (R-NY).

FEDERAL PAPERWORK COMMISSION--On September 28, the Commission on Federal Paperwork presented the President with its final report. Following the presentation a conference was held at which Vice President Mondale, Acting OMB Director McIntyre and Assistant to the President Pettigrew committed the Administration to continue its priority effort to reduce the paperwork burden on the American people.

Paperwork Commission reports contain over 750 recommendations designed to reduce unnecessary Federal paperwork. The Commission reports that almost 50 percent of these recommendations have been accepted for adoption by the departments and agencies or by the Congress.

A major task of OMB will be to carry forward the Commission's work. The recently created Division of Regulatory Policy and Reports Management is responsible for leading this effort. The need for paperwork reduction will also be reflected in zero-base program and budget reviews. OMB will give early attention to Commission recommendations regarding the Federal Reports Act and the proposed strengthening of both OMB and agency abilities to administer the Act.

-- Stan Morris (395-6176)

Survey of Congressional
Constituent Casework

In his June announcement of early reorganization studies, President Carter called attention to an important new role of the Congress in executive branch reorganization. Through their regular constituent "casework," he said, House and Senate offices get valuable first-hand experience in helping people deal with government red tape. This experience provides an excellent source of information on government performance.

Richard Pettigrew, Assistant to the President for Reorganization, has undertaken a survey of congressional offices aimed at identifying those areas of government which are causing constituents the most problems. Based upon the written comments received to date, senators, congressmen and their staffs have shown considerable interest in the project.

Responses, some of them quite extensive, have now been received from more than 200 offices. They contain rich detail on the day-to-day functioning of federal programs from the perspective of the average citizen. They reflect a strong recognition of the need for administrative reform in those programs having a direct impact on people. This information will have considerable value not only for the President's Reorganization Project, but also for the affected departments and agencies.

-- Richard Pettigrew (456-2706)

PRESIDENT'S REORGANIZATION PROJECT
Principal Staff

Office of Management and Budget

James McIntyre, Acting Director

Harrison Wellford, Executive Associate Director for Reorganization
and Management

Peter Szanton, Associate Director for Organization Studies

Wayne Granquist, Associate Director for Management and Regulatory
Policy

Terry Straub, Reorganization Project Congressional Liaison

White House

Richard Pettigrew, Assistant to the President for Reorganization

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Jim McIntyre

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: REVIEW OF OMB PROJECTS AND
ISSUES

*bec. The Vice President
Hamilton Jordan*

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

> don't indicate # of copies
to McIntyre

ACTION	FYI	
	X	MONDALE
		COSTANZA
		EIZENSTAT
	X	JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
X		LANCE OM - 15
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

pages

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 21, 1977

*Good report -
In Newsletter be
Sure to include intra dept
reorg successes
J*

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre

Jim McIntyre

SUBJECT: Review of OMB Projects and Issues

I have asked the OMB staff to review all significant projects and issues at OMB and to inform me of their status. As the attached summaries show, all OMB projects are on schedule. OMB has met all major milestones in the reorganization projects and in the introduction of zero-base budgeting. The FY 1979 budget process is moving according to plan and we will be ready to meet with you at the first Presidential review on October 28.

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for Preservation Purposes

Attachments

REORGANIZATION AND MANAGEMENT

The reorganization project is proceeding on schedule. We have completed the initial functional review and have begun 31 projects to achieve both organizational and management improvements.

The attachment describes the current status of each of our studies. Several of them deserve special attention:

- The Personnel Management Study group has developed six option papers that are now being circulated for comment to over 700 agencies, groups, and individuals. The first product of this review--a recommendation to establish a Federal Executive Management Service--should be ready for your decision this month. Such a system would increase incentives for top career executives and provide greater flexibility for agency heads in carrying out their responsibilities. The rest of the project recommendations should reach you in November.
- As you have suggested, we have discussed the Cash Management Project with Treasury and plan to announce the study soon. Our first step will be to review the findings of the ongoing Treasury study. We will work closely with the Department throughout the project.
- The first phase of the Education Study is substantially complete and we will be sending you a paper setting out several broad options for the organization of education and related functions, together with our recommendation. Your decision, which we hope to obtain in early October, will enable us to proceed to the detailed design of the chosen structure. The Vice President, Secretary Califano, and Domestic Policy Staff have been working closely with us.
- The first phase of the Civil Rights Study - equal opportunity employment reform - is also nearing completion. This project will be closely coordinated with other Administration civil rights initiatives, and we will meet soon with Hamilton Jordan because of its political sensitivity. We hope to meet with you during this month and plan to have a reorganization plan ready by November 1.
- We are trying to compress our timetable on the Local Economic Development project to meet the Domestic Policy Staff's schedule for developing an urban strategy. Our recommendations could result in a new Department or other major improvements, and we believe this project can become a significant part of the urban strategy.

Our fall schedule calls for three, and perhaps four, plans to be submitted to the Congress. The Executive Office of the President plan is nearing adoption, and the implementation effort is proceeding. Reorganization Plan #2, on Public Diplomacy, is nearly complete. We have agreed with Chairmen Brooks and Ribicoff to submit the Plan during the first week of October. The third plan will deal with Employee Retirement Income Security. The fourth -- Civil Rights -- can be submitted if Congress is still in session. We are now working on scheduling plans for next spring and summer. *ok*

Finally, there are a number of reorganization project-wide events worth noting.

- We have scheduled a special Cabinet briefing on reorganization results to date and our future plans.
- We have planned several strategies to increase the project's visibility outside Washington. We have made arrangements to brief regional groups of editors every other week and to send reorganization speakers to events to which you are invited but cannot attend. We will also take advantage of opportunities for local visibility offered by our site visits.
- Dick Pettigrew's letter to the Congress requesting reorganization suggestions was well received and drew responses from nearly 40 percent of the members. That letter and our other attempts to maintain an open process have prompted several compliments from key members.
- As more studies get underway, our Congressional relations efforts are increasing. We are now developing a "Congressional strategy" for each study because we believe that building a plausible coalition to pass our recommendations will be as difficult as developing the recommendations. *Keep up PR*
- Our efforts to coordinate government-wide reorganization activities and to develop a comprehensive record of the Administration's reorganization accomplishments continue. Departments and agencies will soon be providing us with monthly reports on their own reorganization activities.
- The administrative delays which we had been experiencing, notably acquiring sufficient space and recruiting volunteers from state and local governments and the private sector, have been cleared up.

This memorandum touches only the highlights of the project. The volume and pace of our reorganization activity continues to accelerate, and we expect to need your guidance more frequently during the coming months.

BUDGET AND POLICY

1. Organization and Development of the Budget:

- Submission of agency budgets. This is occurring ahead of schedule; all budgets are in a ZBB framework. Quality varies but is better than we have a right to expect in the first year. The volume (paper load) is heavier than usual, but we can work with it.
- OMB budget hearings and reviews. All scheduled and proceeding. Hearings began on September 12 and OMB Director's Reviews begin on October 13.
- Presidential budget reviews. All scheduled. The first review begins on October 28 and will provide an economic and fiscal overview of the FY 1979 Budget.
- Agency appeals process. We are in the process of scheduling 12-14 hours of your time in mid-December. Inevitably, there will be informal discussions/negotiations between agencies and OMB before the actual appeal. At the appropriate time (perhaps a Cabinet meeting in November), we would be helped greatly if you suggested that the agencies discuss major concerns with us prior to making a formal appeal. *ok*
- Initiation of early discussion of FY '79 Budget with Congressional Budget Committees. Prior to publication of the budget in mid-January, I believe we should talk with Muskie and Giaimo.

Some budgets are coming in above the ceilings, but the increases over the ceilings are less than expected and less than in other years.

Hold them down

2. Policy Development:

- Process. Outside of the budget process itself, we make policy in two ways:

Day-to-day testimony and legislative clearance. We are now at the end of the Congressional session, and anticipate no real problems.

Larger scale, more deliberate policy development through the newly established domestic or international processes. A major concern here is that we not develop policy in isolation of the budget. We would like to be able to insist, and be supported, that whenever policy

is developed -- for example, as part of the urban program -- that the relevant pieces be included and ranked in agency budgets and that OMB be a key participant in the overall decision process.

- Policy issues. The issues look no different now than they did when we made our spring presentations. The most difficult and contentious issues will involve HUD and the Veterans Administration. All of the agencies seem to have fairly ambitious spending plans.

3. Analysis of the Budget Process:

For the future we are beginning to think about (1) a thorough evaluation of the first year's ZBB effort; (2) a complete review of the budget process -- particularly spring planning; and (3) a study of our own analytic effort and capabilities.

4. Other Issues:

- Shortfall. We are now carrying out an analysis of FY '78 spending. We plan, tentatively, to announce our best estimates later this month. We will coordinate with CEA and Treasury and present a final recommendation to you.
- Personnel ceilings. We will meet the FY '77 ceilings.

The FY 1979 budget process is proceeding on schedule. The people are good; the groundwork has been laid; the schedules are fairly well set; and the work is moving on target.

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Organization Studies</u>			
Public Diplomacy (USIA-Cultural Affairs)	To review the organization of international cultural exchange, information, and education programs	Reorganization Plan No. 2 is being finalized for submission to Congress. Chairman Brooks has asked that the Plan be transmitted on October 6.	Complete
Classification of National Security Documents	To determine reorganization implications of the Domestic Council and NSC working group recommendations	Draft Executive Order is out for comments of agencies, relevant Congressional committees and interested members of the public. Comments are due by Oct. 14 and the final EO will be submitted to you shortly thereafter.	9/30/77
Defense Policy-Foreign Policy	To review the organizational structure of the Defense Dept., the State Dept. and the Arms Control and Disarmament Agency for coordinating international policies.	We are now preparing for the public announcement of this project. Press releases, issue statements and other materials are being prepared.	
DOD Studies	To review Defense management structure; the national military command structure; and Defense resource management.	The President's memorandum to Secretary Brown signaled the initiation of joint planning of these studies. We are working closely with DOD in designing the work plans and coordination mechanisms.	

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Organization Studies</u>			
Economic Analysis and Policy Machinery	To review the Federal economic policy-making system outside the EOP for elimination of overlap and gaps, and effectively link foreign policy and economic policy.	The study workplan has been approved by PRP management, and candidates for study Executive Director are being identified. Preliminary discussions have begun with COWPS, the Joint Economic Committee, and the House Budget Committee.	6/16/78
Food and Nutrition Policy	To review Federal food policy structure for organizational changes to improve its ability to formulate and implement policies.	The study workplan is being prepared for review by PRP management while the search for an Executive Director continues. We are participating on the White House World Hunger initiative, and monitoring other Federal parallel efforts.	

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Organization Studies</u>			
Community and Local Development	To review the organization and structure of the major federal local and community development programs.	Meg Armstrong has been selected as the Executive Director of the study. A conference of national development experts was held Sept. 15-16. Questionnaires are out to all affected agencies and field visits are underway.	2/24/78
Natural Resources and Environment	To review the organization of the federal natural resources and environmental programs.	William Harsch has been confirmed as Division and study director. The final study workplan has been approved by PRP management and requests for program descriptive data have been distributed. The data request was designed to utilize agency FY79 ZBB material.	2/28/78
Disaster Preparedness	To review the federal civil disaster programs, to clarify federal and state roles and to identify organizational sources of problems.	Greg Schneiders has been named the Executive Director of this project. A work plan is being prepared.	

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Organization Studies</u>			
Education	To review the federal education programs for organizational and service delivery improvements.	The interim study recommendations are to be submitted to the President the first week in October. This report is being developed in close coordination with the Vice President and Secretary Califano.	1/15/78
Employee Retirement Income Security	To achieve a more effective organization structure for administration of ERISA.	We are working closely with Labor and Treasury and are nearing completion of an option paper on agency authorities under the Act.	9/30/77
Human Services	To improve the federal organization and delivery of human services to needy families and individuals.	We have sent requests for data to all relevant agencies and began field visits. 170 national organizations have been sent invitations to a series of hearings.	5/20/78

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Organization Studies</u>			
Civil Rights (phase 1, EEO)	To reduce burden of formal compliance activity and to strengthen enforcement of civil rights legislation.	We have developed our reorganization recommendations for the equal employment enforcement programs. A background memo with the recommendations have been forwarded to Hamilton Jordan in preparation for a meeting we have requested. Following that meeting the Presidential Recommendation Memorandum will be finalized.	10/21/77
Small Agency Reduction	To review 77 small agencies for possible elimination or combination with other units.	Most of the 77 are to be studied as part of larger issue studies, coordinated by the study team. We have completed our preliminary reviews of several agencies, including the Renegotiation Board and the Committee on Fire Prevention.	1/3/78
Border Law Enforcement	To determine reorganization implications of joint ODAP-OMB examination of border law enforcement.	The ODAP report on border law enforcement is being reviewed by the study team to determine appropriate PRP action.	11/1/77

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Organization Studies</u>			
Law Enforcement	To review all federal law enforcement missions, tasks, and priorities.	We have received over a 70% response to our request for information which was sent to agencies with law enforcement functions. Our analysis of that information is now underway.	5/1/78
Legal Representation	To review governmental units with litigation and legal counseling responsibilities for improvements in allocation of resources and reduction of confusion.	The study workplan has been approved by PRP management. We have initiated meetings with the ABA and other informed individuals to discuss the project. Study staffing is continuing.	5/19/78
Improvement of the Justice System	To review existing and possible Justice system activities for managerial, structural or other improvements.	The Attorney General has agreed to our proposal to jointly conduct this study, and the President sent a letter to the Chief Justice announcing the study. Letters have also been sent to all Federal Judges announcing the study and seeking suggestions.	4/15/78

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Management and Regulatory Policy</u>			
Advisory Committee Reduction	To eliminate all unnecessary advisory committees.	The bill terminating the remaining 19 advisory committees of the 480 identified was introduced Sept. 13. That completes the activities of the study.	Completed <i>ok - but continue elimination</i>
Administrative Support Services	To improve management of administrative services within the federal government (GSA and other units).	Joe Malaga, Director of Administration and Management Operations, NASA Kennedy Space Center, has been selected as Executive Director of the project. We are developing a study workplan and identifying initial staff.	
Federal Personnel Management	To reform the federal personnel management systems; identifying early partial solutions to documented problems.	The study team has developed 6 option papers which have been circulated to over 700 groups for comment. Additionally, mass meetings with federal employees have been held in the 10 regional cities and Washington. The first Presidential recommendation on the Federal Executive Management Service will be submitted within a month.	11/1/77

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PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Management and Regulatory Policy</u>			
Paperwork Reduction	To reduce federal government reporting burdens.	We are reviewing the Paperwork Commission's recommendations and are preparing a plan for implementing those assigned to OMB. We have met with Jack Watson's staff, the Policy Staff, and GAO on strategy for reducing the number of Executive Branch reports.	
Food Regulatory Policy (coordinated with Food & Nutrition Policy)	To review regulatory activities such as food inspection and labeling for elimination of overlap and improve effectiveness.	We are preparing a detailed study workplan to be presented to PRP management, in conjunction with the Food and Nutrition Policy study workplan. We are monitoring parallel activities such as the NSF study of ground beef industry regulations.	
Federal Planning Requirements Review	To review federal requirements for state and local planning, to promote coordination and to minimize the load on state and local governments.	We have received 70% of the agency phase II submissions of their zero-based review of their programs. The sub-committees are developing a list of issues based on review of the submissions.	11/30/77

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Management and Regulatory Policy</u>			Electrostatic Copy Made for Preservation Purposes <i>Time Sched.?</i> 5/1/78
Statistical Organization	To eliminate unnecessary collection of statistical data and reduce the number of collection points.	Wayne Granquist held a meeting of federal and nonfederal statistical experts, discussing organizational problems in late July. We are developing an issue paper in response to that meeting that looks at a much broader range of activities.	
Cash Management	To strengthen federal cash management by identifying new practices, organizational problems and management incentives.	We have had several meetings with Secretary Blumenthal and other Treasury officials on our study. We agreed that the undertaking is not duplicative. We have subsequently selected Richard Cavanagh as the study Executive Director.	
OSHA-Workplace Safety & Health	To review federal efforts to improve workplace safety, in conjunction with the WORSHP Task Force.	We are continuing our search for an Executive Director. A preliminary workplan has been developed. Original negative congressional reaction has been mollified through meetings with key leaders by Ray Marshall and Harrison Wellford.	

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Management and Regulatory Policy</u>			
Automated Data Processing	To improve management utilization of ADP in the delivery of government services.	The revised workplan has been approved by PRP management and released to the public. Harrison Wellford and Wayne Granquist met with Congressman Rose discussing the study. We are reviewing a study team candidate list of more than 200 private and federal sector people.	9/22/78
Federal Field Structure (Including FRC's)	To review field coordination of intra-governmental and inter-governmental operations.	We are developing a field review plan in coordination with the White House staff. We are also working with the Under Secretaries Group/White House on maintenance of the current FRC for the next year.	

PRESIDENT'S REORGANIZATION PROJECT

Summary of Work Underway

As of Sept. 23, 1977

Project	Scope	Current Status	Study Completion Date
<u>Management and Regulatory Policy</u>			
Inter-governmental management circulars	To improve service delivery and procedures discussed in OMB Circulars A-95 (Clearing houses); A-85 (Regulation Clearing); and A-111 (Joint Funding)	<p><u>A-95</u>. We have completed a draft report on short term actions to strengthen the circular based on a nationwide survey of groups and officials dealing with the clearing houses.</p> <p><u>A-85</u>. A draft circular has been released for comment to agencies, public interest groups, and OMB/EOP.</p> <p><u>A-111</u>. We have completed our analysis of Washington and field survey and interview results. A draft circular reflecting these results will be circulated on September 30.</p>	<p>1/15/78</p> <p>10/15/77</p> <p>9/30/77</p>
Economic Impact Analysis	To improve agency procedures for determining the effects of regulations before they are issued.	Agreement has been reached with CEA on implementation of EIA review program. An informal review group should be established by letter which will determine which regulations they review.	

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

FINAL RECOMMENDATIONS ON THE
HUMPHREY-HAWKINS BILL

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
/		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

10/24/77

Mr. President:

No other staff comments
received (or expected) on
Humphrey-Hawkins bill.

Rick



THE PRESIDENT HAS SEEN.
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

4

October 24, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *W. B. Sumner*
SUBJECT: Final Recommendations on the
Humphrey-Hawkins Bill

I share Mike Blumenthal's reservations about the Humphrey-Hawkins bill.

You are told that you can endorse the watered-down bill, thereby mollifying the Black Caucus, and at the same time, retain the support of moderates and conservatives by explaining to them that the new version is harmless. I am dubious both about the economics and the politics of this judgment.

I am dubious about the economics because a 4 percent unemployment rate in 1983 would be highly inflationary unless a series of economic developments should occur which could only be called miraculous. Nobody would believe that such a rate was really the policy of this Administration.

I am dubious about the politics because we shall have made a promise that we cannot and know we cannot keep. You are advised to go ahead because you will have the option--and every intention--of choosing a more reasonable target later and in the belief that the Congress will probably save us by not passing the bill.

I understand your dilemma on this bill; and I realize that your negotiators have pushed as far as they believe they can. I reluctantly recommend that you endorse the bill, but must confess great uncertainty regarding the political costs and benefits. In any case, should you choose to endorse, business leaders should be thoroughly briefed regarding your position in view of their extreme concern about the effects of this bill.

I concur strongly in the recommendation that the bill be modified to assure that the congressional procedures for economic goal setting be closely coordinated with the budget process.

THE WHITE HOUSE
WASHINGTON
October 20, 1977

The Vice President
Midge Costanza
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Jim McIntyre

The attached has been submitted to the President and is forwarded to you for your information. If you do wish to comment, I will be submitting comments to the President on Monday at 12:00.

Rick Hutcheson

RE: HUMPHREY/HAWKINS; FINAL ROUND

THE WHITE HOUSE
WASHINGTON

*mon
noon*

	FOR STAFFING
/	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
	/	COSTANZA
	/	EIZENSTAT
	/	JORDAN
	/	LIPSHUTZ
	/	MOORE
	/	POWELL
	/	WATSON
	/	LANCE <i>JA</i>
	/	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary <u>next day</u>

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
/	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Congress - says
Pier should not say
few more days - not soon

THE WHITE HOUSE
WASHINGTON
October 25, 1977

Bob Lipshutz

The attached was returned in the President's outbox today. As you requested, the original is returned to you for delivery.

Rick Hutcheson

cc: Frank Moore

RE: LETTER TO THE PASSAMAQUODDY/
PENOBSCOT NEGOTIATING
COMMITTEE - MAINE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
/		LIPSHUTZ
		MOORE
	/	POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
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	BOURNE
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	HUTCHESON
	JAGODA
	KING

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	LINDER
	MITCHELL
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	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

October 24, 1977

TO: The President
FROM: Bob Fiskelutz
Re. Maine - Indian
Land Claim matter.

Please sign the
~~attached~~ letter and
return to me for
delivery to the tribe,
which is meeting this
week.

THE WHITE HOUSE

WASHINGTON

October 24, 1977

To the Passamaquoddy/Penobscot Negotiating
Committee

With reference to the land dispute in Maine, as you are aware, I have requested a 3-member working group to discuss with all parties certain aspects of Judge William Gunter's proposal for resolving this matter. This group consists of: A. Stephens Clay, Judge Gunter's law partner; Eliot Cutler, Office of Management and Budget; and Leo M. Krulitz, Solicitor for the Department of the Interior.

The purpose of this working group is to try to reach a consensual agreement for resolution of this dispute within the framework recommended by Judge Gunter.

I wish to express to you my personal gratitude for the good faith you have demonstrated in approaching this difficult problem. It is my earnest hope that the principal parties to this dispute will reach a consensual agreement which I can recommend to the Congress reasonably soon.

Sincerely,

Jimmy Carter

Passamaquoddy/Penobscot Negotiating Committee
c/o Andrew Akins
Box 392
Calais, Maine 04619

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Hugh Carter

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: SECRET SERVICE ARMORED
VEHICLES

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
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		LANCE
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	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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	ARAGON
	BOURNE
	BRZEZINSKI
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/	KRAFT
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	PETERSON
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *dl*

SUBJECT:

Secret Service Armored Vehicles

I have been approached by the Secret Service regarding the use of armored automobiles on your upcoming international trip.

Would you prefer that you approve the use of the autos for each trip, or do you want me to decide and save you the time?

☐ I will decide each trip

☒ You handle each trip for me

☐ See me



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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: THE SUPPLEMENTAL APPROPRIATION

THE WHITE HOUSE

WASHINGTON

October 19, 1977

Mr. President:

Attached is the memorandum you requested at the leadership breakfast on the supplemental appropriation bill.

OMB feels strongly that most of the items in that bill are necessary.

It would become a candidate for a veto if B-1 funds and Clinch River funds are included. Otherwise, I agree with Jim that the supplemental appropriation is necessary and should not be further pared down from what we had earlier requested.

Stu

THE PRESIDENT HAS SEEN.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Stu - hold
C
—

October 18, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Jim McIntyre *Jim McIntyre*
SUBJECT: The Supplemental Appropriation

Stu Eizenstat has asked me to respond to your inquiry at the Congressional Leadership breakfast about the need for all the items in the Supplemental Appropriation bill.

The bill reported by the House Appropriations Committee contains a number of items that you requested because they are needed soon:

- \$4.5 billion for Environmental Protection Agency construction grants. Eight States are now out of funds for these waste treatment grants and up to thirty could be out of funds before Congress could act on appropriations next year. (This request was covered in your February budget but not transmitted in the hope that Congress would pass reform legislation.)
- \$725 million for Small Business Administration disaster relief loans. (Subsequently, you raised your request to \$1.4 billion because available funds are now depleted and the \$725 million will cover existing applications only, not new ones. The Senate has added the \$1.4 billion to the District of Columbia Appropriation.)
- \$383 million to acquire 233 million barrels of oil for the strategic petroleum reserve (down from your request of \$798 million to acquire 250 million barrels).
- \$343 million to accelerate the cruise missile program (you asked for \$449 million).
- \$294 million for the Federal Energy Administration to initiate the National Energy Plan and to assure compliance with petroleum price regulations (your request was for \$424 million).
- \$152 million for procurement of F-14 aircraft, restoring funds previously cut from your budget request.

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- \$69 million you requested for EPA's areawide planning grant program. (Funds impounded by the previous administration have been ruled unavailable by the courts.)
- Other needed amounts, including authority to pay the expenses of relocation for the Department of Energy in the Forrestal Building and language extending the availability of funds for Drought Emergency Assistance by the Bureau of Reclamation.

The Senate is expected to include in the Supplemental bill rescission of \$462 million for the 1977 B-1 bomber program that you requested. (This is the only remaining vehicle for obtaining this rescission.)

You have also asked for Senate inclusion of \$500 million for Youth programs and \$78 million for Vietnamese refugee programs.

The House Committee has added unrequested amounts as follows:

- \$150 million for the Clinch River Breeder Reactor;
- \$30 million for the Soil Conservation Service for emergency measures for runoff retardation and soil erosion prevention; and
- \$9 million for an EPA research project in Lubbock, Texas.

As you know, an attempt will be made on the House floor to add \$1.4 billion for the 1978 B-1 bomber program.

Despite these and other attempts to add money to the bill, we believe that a bill covering your requests is needed at this time.

cc: Mr. Eizenstat

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

MEYER RESIGNATION LETTER

ADMINISTRATIVELY CONFIDENTIAL

cc: Hamilton Jordan
Jody Powell

THE WHITE HOUSE
WASHINGTON

TO: The President

FROM: Bob Fisk

Jody and Ham are
up to date re. the
attached.

Re. both your response
(and mode of acceptance
of the resignation) and
handling of the "water
resources in the valley"
issue in California, I
suggest you consider
effect of Meyer's letter.

THE WHITE HOUSE
WASHINGTON

*Admin
conf. I*

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
	✓	JORDAN
✓		LIPSHUTZ
		MOORE
	✓	POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
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	MOE
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	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

*Bob - Prepare
nice acceptance
J*

October 20, 1977

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

The issue of individual water rights raised by the Interior Department bears heavily on questions of national water, and food and agriculture policies, which I know firsthand to be of a high priority to you and your Administration. As the Interior position applies to the Imperial Valley of California, I feel strongly that it goes beyond reliability of water and food supplies. At the heart of the matter is the commitment of our government to its people. For over 75 years, generations of family farmers have invested their lives and resources in the Imperial Valley. For slightly more than 40 years, they have been farming and relying on the word of their government that the 1902 Reclamation Act did NOT apply to them. Going back over three generations, these family farmers originally developed this Valley in 1901 and delivered water to themselves and their ground without any government help. The fact that the courts, so far, have ruled against them does not remove the moral obligation that our government has to these people.

I never anticipated any higher honor than that you have given me nor higher privilege than the opportunities of service entrusted to me.

Because I feel so deeply that I must be free to voice my personal convictions, I regretfully offer my resignation as Assistant Secretary of Agriculture.

I will continue to do all that I can to serve my country and you as a private citizen. You have my abiding gratitude and loyalty.

Sincerely,

Bob Meyer
Robert H. Meyer

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

October 25, 1977

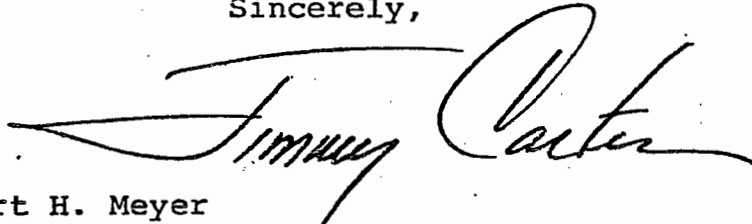
To: Robert H. Meyer

I received your letter of October 20 and accept with regret your resignation as Assistant Secretary of Agriculture.

However, I fully understand your feelings as expressed in this letter.

I also wish to express my sincere gratitude to you for all of the assistance which you have rendered to me and to the country over such a long period of time and I look forward to seeing you frequently in the future.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Robert H. Meyer
Assistant Secretary of Agriculture
U. S. Department of Agriculture
Washington, D. C. 25250

THE WHITE HOUSE

WASHINGTON

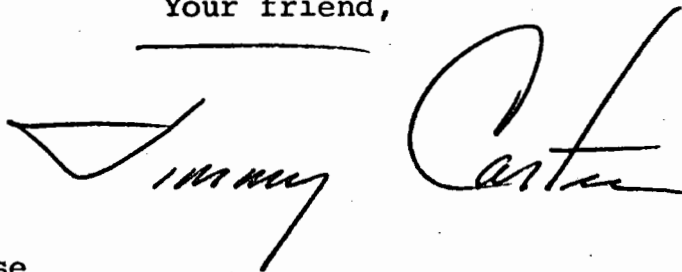
October 25, 1977

To Leo Pugliese

Congratulations on this special day in recognition of fifty years of leadership in the Democratic Party. Rosalynn and I send our warmest wishes to you and Mary. I'm proud of you.

Your early and considerable support in my campaign helped make it possible for me to be here. I need your continued help and leadership in the period which lies ahead--and I know I can count on you.

Your friend,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the typed name "Jimmy Carter".

Mr. Leo Pugliese
50 White Street
Hartford, Connecticut

WAS SENT VIA SHIPPING - First Class

THE WHITE HOUSE
WASHINGTON

Susan:

requested for delivery at
a testimonial dinner - the
Gov. and Lt. Gov of Conn. will
be present.

Pugliese was the first political
leader of consequence in
Hartford to endorse JC - he
is a ward leader.

pls return the original back
to me - it will be delivered
via Stan & Barbara Weinberg.

Rick



164 east center street, manchester, connecticut (203) 647-1419

BARBARA B. WEINBERG
President

October 21, 1977

Mr. Rick Hutcheson
The White House
Washington, D. C. 20500

Dear Rick,

Am enclosing some background information about Leo Pugliese. You will note that Leo was the first Hartford politician to actively support Jimmy's candidacy. Leo worked very hard during both the Primary and General Campaign. You will recall that it was the strong support of the Hartford Democrats that put us over the top in the Primary. Leo and his organization in the South End of Hartford were responsible for delivering the Italian vote in the city which was against the state trend of the Italian women not favoring our candidate.

I have taken the liberty to compose a short note that might be suitable for Jimmy to use. Please feel free to make any changes.

The testimonial Honoring Leo and Mary Pugliese will take place at Valle's in Hartford on November 1st. The guest list, of course, will include the Governor and the Lt. Governor plus all the political leaders from Hartford. Stan will also be saying a few words.

Rick, I cannot stress enough the importance of this simple gesture to one of our active and committed supporters in the Hartford and Italian communities.

Best wishes,

Barbara B. Weinberg, GRI

BBW/edm
Enc.



It is indeed fitting that the Democratic Party honor Leo Pugliese. He has served his party well for nearly 50 years. He has provided immense vigor, enthusiasm, and sheer political genius which has served to assure our party over the years many Democratic victories in Hartford. He is truly admired by all of his fellow Democrats and the community.

Leo has resided in Hartford since 1921 and has contributed to the Democratic Party since 1928 when Al Smith ran for the Presidency. After his first encounter with politics, he worked within the Italian community to lay the foundations for his chairmanship of the old 8th Ward in 1948. In that year, he became close friends with the late Democratic Town Chairman John P. Kelly and began to strengthen the south end rank and file in a strong Democratic alliance. Since that year, Leo's organization has never lost a major city election in the City of Hartford.

In 1960, when Abraham Ribicoff and former National Democratic Party Chairman John Bailey were crashing the big-time nationally in the Kennedy era for the Presidency, Leo Pugliese was quietly in a position of relative importance here in the south end of Hartford. He became a political luminary in drawing tremendous support for Kennedy. He also helped to vibrate and enthuse the south end support for the popular Presidential candidate.

Among all of the great political accomplishments of Leo, the one that stands closest to his heart was the election of Jimmy Carter to the Presidency. Leo was the first Democrat in the City of Hartford to support Jimmy back in 1975. When a majority of the party leadership questioned how a southern Democrat and Baptist farmer could win the Presidency, Leo stood tall and supported him early.

Today, the community at large as well as the Democratic Party feels that Leo Pugliese is one of the most dedicated individuals in this great city. He has had no title of any prominence and yet has served as a mechanic in creating a cohesive political environment. He is truly the last of a political breed in Hartford.



164 east center street, manchester, connecticut (203) 647-1419

*Putti - pls
type on Pres's
green stationery*
B.L.

BARBARA B. WEINBERG
President

October 28, 1977

Mr. Leo Pugliese
50 White Street
Hartford, Connecticut

Dear Leo,

Congratulations on this special day in recognition of fifty years of leadership in the Democratic Party. Rosalynn and I send our warmest wishes to you and Mary, ~~and I want to tell you how proud~~

I'm proud ~~am~~ of you.

Your early and considerable support in my campaign ~~made~~ *helped make* it possible for me to be here. I need your continued help and leadership in the period which lies ahead--and I know I can count on you.

Your friend,

Jimmy Carter

1:30 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 24, 1977

BILL SIGNING

H.R. 3 - MEDICARE-MEDICAID AMENDMENTS

Tuesday, October 25, 1977

1:30 p.m.

Rose Garden (474 EOB, If rain)

From: Frank Moore *f.m.*

I. PRESS PLAN

Open Press Coverage

II. TALKING POINTS

Submitted by Jim Fallows

III. PARTICIPANTS

Senate

Herman Talmadge
Spark Matsunaga

Staff

Michael Stern, Senate Finance Committee
Jay Constantine, Senate Finance Committee
John Kern, Senate Finance Committee

House

John Brademas
William Brodhead
Omar Burleson
Tim Lee Carter
John Duncan
James Florio
Harold Ford
Andrew Maguire
Edward Markey
Richard Ottinger
Jim Wright

Otis Pike
Richardson Preyer
Paul Rogers
Dan Rostenkowski
David Satterfield
James Scheuer
Harley Staggers
Charles Vanik
Douglas Walgren
Henry Waxman

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Staff

Erwin Hytner, House Ways and Means
Steve Lawton, House Interstate and Foreign Commerce
Mary Nell Lehnard, House Ways and Means
John Martin, House Ways and Means
Karen Nelson, House Interstate and Foreign Commerce
John Salmon, House Ways and Means

HEW

Secretary Califano

Robert Derzon, Health Care Financing Administration
William Fullerton, Health Care Financing Administration
Michael Goran, Health Care Financing Administration
Cliff Gaus, Health Care Financing Administration
Karen Davis, Office of Planning and Evaluation
Thomas Morris, Office of the Inspector General
Charles Ruff, Office of the Inspector General
Bryan Mitchell, Office of the Inspector General
Peter Libassi, Office of the General Counsel
Dick Beattie, Office of the General Counsel
Harvey Yampolsky, Office of the General Counsel
Richard Warden, Legislation
Kenneth Levine, Legislation
Grant Spaeth, Legislation
Larry Gage, Legislation
Carol Emmott, Legislation
Martha Kendrick, Legislation
Dorothy Franklin, Legislation

Public Interest

John Gunther, U.S. Conference of Mayors
James Hacking, American Association of Retired Persons
Tom Ellwood, American Association of Retired Persons
William Hutton, National Council of Senior Citizens
Betty Duskin, National Council of Senior Citizens
Edward Weaver, American Public Welfare Association
Scott Burton, National Governors' Association
Deborah Lamm, U.S. Conference of Mayors
Nelson Cruikshank
Jay Johnson, American Association of Retired Persons
James Sullivan, American Association of Retired Persons

TALKING POINTS FROM
EIZENSTAT & FALLOWS

THE WHITE HOUSE

WASHINGTON

October 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
JOE ONEK
BOB HAVELY

SUBJECT: Signing Ceremony for the Medicare/Medicaid
Anti-Fraud and Abuse Amendments (H.R. 3)

1. Here are the talking points I would emphasize:

a. One of my primary goals as President is to achieve a more efficient, cost effective government, -- where money goes to those who truly need it and where taxpayer's money is not wasted.

b. Funds are being wasted each year on fraud and abuse in government programs, including Medicare/Medicaid.

During the Presidential campaign I pledged to fight for tough Medicare/Medicaid fraud and abuse legislation.

With the leadership of Senator Talmadge and Congressmen Rostenkowski and Rogers, we now have the tools to help end the fraud and abuse which has occurred in these two worthy programs. This will be a significant step in our call for a more efficient government.

c. Under this legislation:

-- Penalties will be increased from misdemeanors to felonies for health care providers who defraud our Medicare and Medicaid programs. HEW will be required to suspend convicted health care providers from participation in Medicare and Medicaid.

-- Immediate federal assistance will be made available for the establishment and operation of Medicaid fraud control units in every state.

-- A uniform system of cost accounting and reporting will be established for use by Medicare and Medicaid health care providers.

d. Many of you here who have helped make this bill a reality, can also help pass the hospital cost containment legislation which I have submitted. Like the legislation I will sign today, this too would reduce health care costs.

-- Since 1950, the cost of a day's stay in the hospital has skyrocketed more than 1000%, a rate eight times faster than general inflation. Our people cannot afford these increases in the cost of health care, which double the cost of care every five years.

-- Hospital costs are 40% of all health care costs. By reducing their rise to a reasonable rate, the bill will save billions of dollars -- not only in federal and state budgets, but in the budget of every American family.

I look forward to continuing to work closely with Senator Kennedy and Senator Talmadge and Congressmen Rostenkowski and Rogers toward speedy passage of my hospital cost containment proposals.

2. Status of cost containment legislation. The Senate Human Resources Committee (Williams, Kennedy) and the House Commerce Health Subcommittee (Rogers) have approved legislation acceptable to the Administration. The Full House Commerce Committee (Staggers) and the House Ways and Means Health Subcommittee (Rostenkowski) will probably be unable to hold further mark-ups this session because many of their members are energy conferees. The Senate Finance Health Subcommittee (Talmadge) has moved somewhat closer to the Administration position; for example, his latest proposal covers all hospital costs -- not just Medicare/Medicaid routine costs. However, he still favors incorporating into our transitional system several features of his long-term plan which are not now technically feasible. We are continuing to work with his staff but this remains an area of impasse.
3. In the past you have signed all bills with only two pens. The fraud and abuse amendments were jointly referred to two House committees, which worked very closely together. Could you possibly sign this bill with three pens?

4. Some of the Congressional invitees (for example, Kennedy and Javits) did not participate in enacting this legislation. They were invited because of their assistance on cost containment.

THE WHITE HOUSE

WASHINGTON

October 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JF*

SUBJECT: Bill Signing Remarks: Medicare/Medicaid
Anti-Fraud and Abuse Amendments (H.R. 3)

1) These amendments are an important step in our continuing effort to establish an efficient and excellent health care system, and to restrain inflation in the cost of health care. Two of the most important components of that system are the Medicare and Medicaid programs; these amendments will make possible a vigorous attack on fraud, waste, and abuse in the programs, and will strengthen penalties for such offenses.

Medicare and Medicaid abuses have been in the news for more than a year, and during the campaign you pledged to correct these problems. The Congress deserves congratulations for its initiative and leadership in providing the tools you need to do the job. Particular thanks go to Representative Dan Rostenkowski, Senator Herman Talmadge, and Representative Paul Rogers for their leadership in this cause. Painstaking investigative work was necessary before this bill could be introduced; and a strong bi-partisan effort ensured its passage.

2) It has been in our national tradition to provide help to those who need it -- especially in the crucial area of health care. But we shortchange both our taxpayers and the people who genuinely need help if we allow waste, mismanagement, and even criminal activities in these much-needed programs. Making Medicare and Medicaid run right is a crucial first step, not only to seeing that these programs deliver the assistance they were designed to, but also towards more comprehensive reform of our health care system.

3) While taking this step to reduce fraud and abuse -- and thereby make sure that more of every Medicaid and Medicare dollar buys care for those who need it -- we must remember that we face an even greater challenge in controlling the over-all rise in health care costs.

-- Four days ago, the Labor Department released its figures on September's increase in the Consumer Price Index. Inflation in the health care sector continues to outpace --and fuel -- inflation throughout our economy. Over the last three months, hospital prices rose at an annual rate of 10.1% -- more than twice the 4.5% increase in all other consumer prices. Because the use of hospitals continues to rise too, total hospital costs are rising about 15% per year.

-- Since 1950, the cost of a day's stay in the hospital has skyrocketed more than 1000%, a rate eight times faster than general inflation. Our people cannot afford these increases in the cost of health care, which double the cost of care every five years.

-- You pointed out during the campaign that HEW increased the deductible for hospital coverage under Medicare by 19% in 1976 and by 13% in 1975. Last month, Secretary Califano was required by law to raise the deductible again, reflecting further increases in hospital costs. This time the deductible rose 16%.

4) The hospital cost containment bill -- which the Congress is still considering -- will give us the essential short-term tool for restraining the rise in the cost of health care.

-- Hospital costs are 40% of all health care costs. By reducing their rise to a reasonable rate, the bill will save billions of dollars -- not only in federal and state budgets, but in the budget of every American family.

-- It will allow us to develop, in close cooperation with the Congress, a permanent program for containing health care costs.

-- Our hospital cost containment proposal is fair, designed to take effect immediately, simple to administer, and based on the principle of local decision-making.

-- The Administration's hospital cost containment bill is one of the most important pieces of domestic legislation now pending before the Congress. You look forward to working with the Congress to secure swift passage of this critical legislation.

#

THE WHITE HOUSE
WASHINGTON

October 25, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: STATUS OF PRESIDENTIAL
APPOINTMENTS AS OF 10/21/77

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
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/		JORDAN
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		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

Sam

STATUS OF PRESIDENTIAL APPOINTMENTS

October 21, 1977

Status of
Prior Report
10/14/77

U.S. CIRCUIT COURTS

Appointed.....	6	5
Vacancies.....	5	6
Nominations at Senate.....	1	2
Nominations at White House.....	0	0
Final Process at Justice.....	1	0
In Process at Justice.....	2	3

U.S. DISTRICT COURTS

Appointed.....	17	16
Vacancies.....	24	24
Nominations at Senate.....	2	1
Nominations at White House.....	0	1
Final Process at Justice.....	0	0
In Process at Justice.....	9	8

U.S. COURT OF CLAIMS

Vacancies.....	2	2
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U.S. ATTORNEYS (94 positions)

Appointed.....	54	50
Nominations at Senate.....	4	8
Nominations at White House.....	4	2
Final Process at Justice.....	0	1
In Process at Justice.....	10	11

U.S. MARSHALS (94 positions)

Appointed.....	48	44
Nominations at Senate.....	8	12
Nominations at White House.....	0	0
Final Process at Justice.....	3	1
In Process at Justice.....	15	18

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ASCS FIELD APPOINTMENTS

October 20, 1977

STATE COMMITTEES

Appointed	51
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STATE EXECUTIVE DIRECTORS

Appointed	23
Awaiting Formal Appointment	1
Awaiting Security Clearance	12
Awaiting White House Clearance	3
In Process	3
Name Selected	1
Retention Planned	8
TOTAL	<u>51</u>

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October 20, 1977

STATE

STATE EXECUTIVE DIRECTOR

Alabama	Wallace Steele - Appointed 9/29/77
Alaska	Charles Marsh - Awaiting Security Clearance
Arizona	Steve Faltis - Planned Retention - Democrat Appointed by Sec. Freeman
Arkansas	A. C. Mowery - Appointed 7/18/77
California	Howard Mays - Planned Retention - Career employee, retention recommended by State committee and Congressional Delegation and Asst. Sec. Bob Meyer
Colorado	Charles Bishopp - Appointed 8/26/77
Connecticut	George M. Wilber - In Process
Delaware	O. Joseph Penuel - Awaiting Security Clearance
Florida	Clyde Payne - Appointed 7/21/77
Georgia	Fritz Scarborough - Appointed 8/11/77
Hawaii	Clarence Chau - Planned Retention - Retention recommended by Congressional Delegation
Idaho	Harland Blackburn - Awaiting Formal Appointment
Illinois	William O'Daniel - Awaiting White House Clearance
Indiana	Loyd Jones - Appointed 8/1/77
Iowa	James K. Hatcher - Appointed 8/1/77
Kansas	Jim Ray - Appointed 7/25/77
Kentucky	Beverly Yeiser - Appointed 7/11/77
Louisiana	Willie Cooper - Planned Retention - Retention recommended by Congressional Delegation
Maine	Arthur Carroll - Awaiting Security Clearance
Maryland	James Voss - Awaiting Security Clearance
Massachusetts	Myron Maiewski - Appointed 9/30/77
Michigan	Richard Grabemeyer - Awaiting Security Clearance

STATE

STATE EXECUTIVE DIRECTOR

Minnesota	Howard Carlson - Appointed 8/11/77
Mississippi	D. L. Triggs - Appointed 6/29/77
Missouri	Alan King - Awaiting White House Clearance
Montana	Lvall Schaefer - Appointed 9/27/77
Nebraska	Glenn Kreuscher - Appointed 9/9/77
Nevada	Albert Pasquale - Awaiting White House Clearance
New Hampshire	Dennis Fenton - Planned Retention - Democrat Appointed by Sec. Freeman
New Jersey	John Olsen - In Process
New Mexico	Leo Griego - Appointed 10/17/77
New York	George Komer - Awaiting Security Clearance
North Carolina	C. P. Stewart - Appointed 9/19/77
North Dakota	David Strauss - Appointed 8/26/77
Ohio	Ralph Cochran - Awaiting Security Clearance
Oklahoma	John Goodwin - In Process
Oregon	Talbert Sehorn - Appointed 8/5/77
Pennsylvania	Carl Kaufman - Awaiting Security Clearance
Puerto Rico	Carlos Troche - Planned Retention - Democrat Appointed by Sec. Freeman
Rhode Island	Richard Kenyon - Pending Retirement - Democrat Appointed by Sec. Freeman
South Carolina	Melvin Crum - Appointed 6/29/77
South Dakota	Wayne Testerman - Appointed 9/30/77
Tennessee	Royce Adams - Appointed 8/3/77
Texas	Leonard Williams - Appointed 9/15/77
Utah	Joseph Adair - Appointed 10/20/77
Vermont	Al Heald - Planned Retention - Has status in position

October 20, 1977

STATE

STATE EXECUTIVE DIRECTOR

Virginia

Leland Beale - Awaiting Security Clearance

Washington

Donald Heinemann - Awaiting Security Clearance

West Virginia

James Coburn - Recommended by Cong. Rahall

Wisconsin

Stewart Huber - Awaiting Security Clearance

Wyoming

Carl Otto - Awaiting Security Clearance

FARMERS HOME ADMINISTRATION STATE DIRECTOR STATUS, October 20, 1977 *Ham*

<u>STATE</u>	<u>ACTION</u>	<u>DESIGNEE or NEW DIRECTOR</u>	<u>TARGET DATE</u>
Arizona	Transfer	Manuel Dominguez	Now serving
Arkansas	Program Assistant	Sherman Williams	October 30
Alabama	Removed	Elizabeth Wright	October 30
Illinois	Resignation	Jon Linfield	October 30
Iowa	Program Assistant	Max McCord	November 30
Kentucky	Resignation	William Burnette	October 15
Louisiana	Resignation	Nimrod Andrews	November 30
Maine	Detail/Program Assistant	Awaiting Congressional recommendations	
Delaware	Transfer	Awaiting Congressional recommendations	
Missouri	Program Assistant	Allan Brock	October 30
Mississippi	Detail/Program Assistant	Mark Hazard	October 30
North Carolina	Program Assistant	Clifton Perry	Clearances -Holding completed
North Dakota	Transfer	Fred Gengler	Now serving
Oklahoma	Program Assistant	Gene Ernest	December 5
Oregon	Retain Incumbent	Ken Keudall	Now serving
Virginia	Program Assistant/ Resignation	E. A. Ragland	Now serving
Pennsylvania	Removed	Holding	
Puerto Rico	Removed	Juan Jose Jimenez	November 30
Washington	Holding	Awaiting Congressional recommendations	
Wisconsin	Detail/Program Assistant	Larry Dahl	Now serving
Wyoming	Program Assistant	Rudolph Knoll	Clearances completed awaiting formal appointment

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<u>STATE</u>	<u>ACTION*</u>	<u>DESIGNEE or NEW DIRECTOR</u>	<u>TARGET DATE</u>
California	Removed	Lowell Pannell	Now serving
Colorado	Removed	Ernie Phillips	Now serving
Florida	Retirement	Mike Hightower	Now serving
Georgia	Resignation	Robert Blalock	Now serving
Idaho	Vacant**	Andrew McCarter	Now serving
Indiana	Removed	Bud Posey	Now serving
Kansas	Removed	John Denyer	Now serving
Michigan	Removed	Bob Mitchell	Now serving
Minnesota	Resigned	John Apitz	Now serving
Montana	Vacant**	Wallace Edland	Now serving
Nebraska	Vacant**	Leonard Hanks	Now serving
New Mexico	Resignation	David King	Now serving
New York	Resignation	Karen T. Hansen	Now serving
Ohio	Removed	Gene Abercrombie	Now serving
South Carolina	Vacant**	Karl Smith	Now serving
South Dakota	Removed	Jack Weiland	Now serving
Tennessee	Resignation	Wayne Avery	Now serving
Texas	At-Large	Bill Pieratt	Now serving
Utah	Vacant**	Reed Page	Now serving
Vermont	Transfer	Brian Burns	Now serving
West Virginia	Vacant**	James Facemire	Clearances completed awaiting formal appointment

*Action taken regarding incumbent in position

**Position vacant when current selection process was started